

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re	:	Chapter 11 Case No.
	:	
LEHMAN BROTHERS HOLDINGS INC., <i>et al.</i>,	:	08-13555 (JMP)
	:	
Debtors.	:	(Jointly Administered)
	:	
	:	

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**INTERIM ORDER GRANTING DEBTORS' MOTION PURSUANT TO
SECTIONS 105(a) AND 363(b) OF THE BANKRUPTCY CODE
SEEKING AUTHORIZATION TO (A) RETAIN ALVAREZ & MARSAL
NORTH AMERICA, LLC TO PROVIDE THE DEBTORS A CHIEF
RESTRUCTURING OFFICER AND ADDITIONAL PERSONNEL,
AND (B) TO APPOINT THE CHIEF RESTRUCTURING OFFICER
NUNC PRO TUNC TO THE COMMENCEMENT DATE**

Upon the motion dated October 7, 2008 (the "Motion"), of Lehman Brothers Holdings Inc. ("LBHI") and its affiliated debtors in the above-referenced chapter 11 cases, as debtors and debtors-in-possession (collectively, the "Debtors" and, together with their non-debtor affiliates, "Lehman"), pursuant to sections 105(a) and 363(b) of title 11 of the United States Code (the "Bankruptcy Code") for authorization to employ and retain Bryan P. Marsal as Chief Restructuring Officer (the "CRO") along with such additional personnel (the "Additional Personnel") of Alvarez & Marsal North America, LLC ("A&M") and its wholly owned subsidiaries, agents, affiliates (all of which are owned by Alvarez & Marsal North America, LLC's parent company and employees), and independent contractors as are necessary to assist the CRO in the performance of his duties (the "Additional Personnel"), pursuant to that agreement dated September 15, 2008 among the Debtors and A&M, including that certain indemnification agreement between Debtors and A&M and incorporated by reference therein (together, the "Engagement Letter"), all as more fully described in the Motion; and upon the

declaration of Bryan P. Marsal in support of the Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334 and the Standing Order M-61 Referring to Bankruptcy Judges for the Southern District of New York Any and All Proceedings Under Title 11, dated July 10, 1984 (Ward, Acting C.J.); and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided in accordance with the procedures set forth in the order entered September 22, 2008 governing case management and administrative procedures [Docket No. 285], and it appearing that no other or further notice need be provided; and a hearing having been held to consider the relief requested in the Motion on an interim basis; and it appearing that A&M neither holds nor represents any interest adverse to the Debtors' estates; and it appearing that A&M is "disinterested," as that term is defined in section 101(14) of the Bankruptcy Code; and the Court having found and determined that the relief sought in the Motion is in the best interests of the Debtors, their estates and creditors, and all parties in interest and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Motion is granted on an interim basis; and it is further

ORDERED that, in accordance with section 363 of the Bankruptcy Code, the Debtors are authorized to enter into the Engagement Letter agreement, *nunc pro tunc* to September 15, 2008; and it is further

ORDERED that the terms of the Engagement Letter, including without limitation, the fee provisions and the indemnification provisions, are reasonable terms and conditions of employment and are approved; and it is further

ORDERED that the Debtors are authorized to pay A&M in such amounts and at such times as is provided in the Engagement Letter without further order of this Court; and it is further

ORDERED that notwithstanding any applicability of Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon its entry; and it is further

ORDERED that notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion and the requirements of Bankruptcy Rule 6004(a) are waived; and it is further

ORDERED that the final hearing to consider entry of an order granting the relief requested in the Motion on a permanent basis shall be held on November 5, 2008 at 10:00 a.m. (prevailing Eastern Time); and any objections to entry of such order shall be in writing, filed with the Court in accordance with General Order M-242, and served upon (i) the chambers of the Honorable James M. Peck, One Bowling Green, New York, New York 10004, Courtroom 601; (ii) Weil Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153, Attn: Richard P. Krasnow, Esq., Lori R. Fife, Esq., Shai Y. Waisman, Esq., and Jacqueline Marcus, Esq., attorneys for the Debtors; (iii) the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, 21st Floor, New York, New York 10004 Attn: Andy Velez-Rivera, Paul Schwartzberg, Brian Masumoto, Linda Riffkin, and Tracy Hope Davis; (iv) Milbank, Tweed, Hadley & McCloy LLP, 1 Chase Manhattan Plaza, New York, New York 10005, Attn: Dennis F. Dunne, Esq., Dennis O'Donnell, Esq., and Evan Fleck, Esq., attorneys for the official committee of unsecured creditors appointed in these cases; and (v) Cleary Gottlieb LLP, One Liberty Plaza, New York, NY 10006, Attn: Lindsee P. Granfield, Esq., and

Lisa Schweitzer, Esq. and Sullivan & Cromwell LLP, 125 Broad Street, New York, NY 10004,
Attn: Robinson B. Lacy, Esq. and Hydee R. Feldstein, Esq., attorneys for the Debtors'
postpetition lenders, so as to be received no later than 4:00 p.m. (prevailing Eastern Time) on
October 31, 2008; and it is further

ORDERED that the Debtors shall serve this Order within three business days of
its entry on (i) the U.S. Trustee, (ii) the attorneys for the Creditors' Committee, (iii) the attorneys
for the Debtors' postpetition lenders, (iv) the Securities and Exchange Commission, (v) the
Internal Revenue Service, (vi) the United States Attorney for the Southern District of New York,
and (vii) all parties who have requested notice in these chapter 11 cases; and it is further

ORDERED that this Court will retain jurisdiction to construe and enforce the
terms of the Motion, the Engagement Letter, and this Order.

Dated: New York, New York
October 16, 2008

s/ James M. Peck
UNITED STATES BANKRUPTCY JUDGE